



CITY COUNCIL AGENDA REPORT

MEETING DATE: JANUARY 2, 2007

ITEM NUMBER:

**SUBJECT: DA-06-03 ANNUAL REVIEW OF SEGERSTROM HOME RANCH DEVELOPMENT
AGREEMENT (DA-00-01)
1201 SOUTH COAST DRIVE**

DATE: DECEMBER 13, 2006

**FOR FURTHER INFORMATION CONTACT: REBECCA ROBBINS, ASSISTANT PLANNER
(714) 754-5609**

RECOMMENDATION:

Based on the evidence in the record, determine and find that C.J. Segerstrom & Sons has demonstrated good faith compliance with the terms and conditions of Development Agreement DA-00-01.

BACKGROUND

The 93-acre Segerstrom Home Ranch site is generally located north of the I-405, west of Fairview Road, east of Harbor Boulevard, and south of Sunflower Avenue. The site includes IKEA, Emulex Industrial Park, Providence Park homes, and the Segerstrom farmhouse/offices.

Development Agreement DA-00-01 for the Segerstrom Home Ranch site was adopted by Council on December 3, 2001. Section 3.5 of the agreement requires periodic review of the agreement. The City's procedures and requirements for consideration of development agreements require this periodic review to be conducted annually through the life of the agreement. This is the fourth annual review of the Home Ranch agreement.

On November 27, 2006, the Planning Commission recommended that City Council find that the applicant has demonstrated good faith compliance with the terms of the Segerstrom Home Ranch Development Agreement (DA-00-01), on a 5-0 vote.

ANALYSIS

The attached Planning Commission agenda report provides detailed information regarding the developer's obligations. At the November 27, 2006 meeting, Commission requested that the City Attorney provide an opinion regarding the sales tax guarantee (See Planning Commission staff report, Pages 3 and 4). The City Attorney will be addressing the sales tax guarantee in a separate memo to Council.

ALTERNATIVES

If Council finds C.J. Segerstrom & Sons not in compliance with the Agreement's terms, evidence supporting that determination would be required.

CONCLUSION

Based on review of the remaining development agreement obligations, Commission recommends that Council determine the applicant has made good faith efforts to comply with the provisions and conditions of the DA-00-01.



REBECCA ROBBINS
Assistant Planner



DONALD D. LAMM, AICP
Deputy City Mgr. – Dev. Svs. Director

Attachments: 1. Planning Commission Minutes and Staff Report from
 November 27, 2006
 2. C. J. Segerstrom & Sons letter dated October 16, 2006
 3. Development Agreement DA-00-01

cc: Deputy City Manager-Dev. Svs. Director
 City Attorney
 City Engineer
 Transportation Services Manager
 Fire Chief
 Fire Marshal
 Finance Director
 Staff (4)
 File (2)

David Wilson
C.J. Segerstrom & Sons
3315 Fairview Road
Costa Mesa CA 92626

File: 010207DA0603

Date: 121306

Time: 9:00 a.m.

Attachment 1

PLANNING COMMISSION MINUTES AND STAFF REPORT

11-27-06 PC Minute Excerpts DA-06-03

DEVELOPMENT AGREEMENT **ANNUAL REVIEW** **DA-06-03**

DAVID WILSON/C.J.
SEGERSTROM AND SONS

The Chair opened the public hearing for Development Agreement Annual Review DA-06-03, for David Wilson, authorized agent for C.J. Segerstrom and Sons, for the annual review of the Home Ranch Development Agreement (DA-00-01), located at 1201 South Coast Drive. Environmental determination: exempt.

Principal Planner Kimberly Brandt reviewed the information in the staff report and gave a presentation. She said staff is recommending that C.J. Segerstrom and Sons be found in compliance and recommends the same action by City Council.

There was a discussion between Commissioner Egan, Deputy City Attorney Duarte, and Principal Planner Brandt concerning the sales tax revenue. Ms. Brandt stated it is staff's belief that C.J. Segerstrom and Sons is in compliance with the agreement due to the applicant meeting their cumulative amount guarantee, but will forward concerns and an interpretation from the City Attorney to City Council.

The Chair opened the public hearing for public comment, and no one wished to speak, so he closed the public hearing.

MOTION: **DEVELOPMENT AGREEMENT** **DA-06-03**

RECOMMENDED TO CITY
COUNCIL

A motion was made by Vice Chair Hall, seconded by Chair Perkins and carried 5-0 to recommend to City Council that they find and determine that C.J. Segerstrom and Sons has demonstrated good faith compliance with the terms and conditions of Development Agreement DA-00-01, and that the City Attorney renders an opinion regarding the sales tax revenue provisions of the development agreement and forwards the opinion to City Council.

Ms. Brandt mentioned that this item will go before the City Council on January 2, 2007.



PLANNING COMMISSION AGENDA REPORT

MEETING DATE: NOVEMBER 27, 2006

VI.2

ITEM NUMBER:

SUBJECT: DA-06-03 ANNUAL REVIEW OF SEGERSTROM HOME RANCH DEVELOPMENT
AGREEMENT (DA-00-01)
1201 SOUTH COAST DRIVE

DATE: NOVEMBER 13, 2006

FOR FURTHER INFORMATION CONTACT: REBECCA ROBBINS, ASSISTANT PLANNER
(714) 754-5609

DESCRIPTION

Annual review of the Segerstrom Home Ranch Development Agreement (DA-00-01).

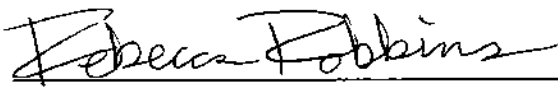
APPLICANT

The applicant for the annual review is C. J. Segerstrom and Sons.

RECOMMENDATION

Recommend the following action by City Council:

Based on the evidence in the record, determine and find that C.J. Segerstroms & Sons has demonstrated good faith compliance with the terms and conditions of Development Agreement DA-00-01.


REBECCA ROBBINS
Assistant Planner


R. MICHAEL ROBINSON, AICP
Asst. Dev. Svs. Director

- C. Educational Advancement:** The required contribution has been paid by the applicant, and the education foundations have been established.
- D. Athletic Field Contribution:** The required contribution has been paid by the applicant.
- E. Huscroft House Contribution:** The required \$200,000 contribution has been paid by the applicant. As noted previously, the first amendment to the development agreement allowed City Council to reallocate the contribution, provided the applicant agrees to the proposed use of the funds. This reallocation was completed by City Council in May 2005 with \$120,000 allocated to the Estancia Adobe and \$80,000 to Segerstrom Homestead.
- F. Residential Component:** Construction of the Standard Pacific Providence Park single-family homes and town homes was completed.
- G. Fire Station:** The fire suppression fee has been paid for IKEA, Emulex, and Standard Pacific. The City retained a consultant that completed a fire suppression study in February 2005. In March 2005, the City requested that the Segerstroms dedicate a 30,000 square-foot parcel of undeveloped land for a future fire station. The City of Costa Mesa Fire Department is currently conducting a comprehensive study of fire service requirements and, the City has yet to determine the exact location of the fire station and will continue to work with the property owner on the final site selection pursuant to the terms of the Development Agreement.
- H. Sales and Use Tax Guarantee:**

Sales Tax Guarantee

The Development Agreement requires that the owner, or designee, shall guarantee sales tax revenue from the Home Ranch development site (e.g. IKEA, Emulex) to the City in the amounts identified in Table A. If the required yearly amount is not guaranteed, the difference shall be paid to the City. For Years 1 and 2, a yearly amount of \$750,000 is required to be guaranteed. For Year 3, the guaranteed amount increases to \$1,000,000.

Table A – 5-Year Sales Tax Guarantee

Sales and Use Tax Guarantee Year	Yearly Amount Guaranteed	Cumulative Amount Guaranteed at Year End
1	\$750,000	\$750,000
2	\$750,000	\$1,500,000
3	\$1,000,000	\$2,500,000
4	\$1,250,000	\$3,750,000
5	\$1,250,000	\$5,000,000
TOTAL	\$5,000,000	\$5,000,000

ALTERNATIVES

If the Planning Commission finds C.J. Segerstrom is not in compliance with the Agreement's terms, evidence supporting that determination would be required.

CONCLUSION

Based on a review of the remaining development agreement obligations, staff believes that the applicant has made good faith efforts to comply with the provisions and conditions of the DA-00-01. The Planning Commission's findings and recommendation to City Council can be made by minute order.

Attachments: ~~1. C. J. Segerstrom & Sons letter dated October 16, 2006~~
 ~~2. Development Agreement DA-00-01~~
 ~~3. First Amendment to the Development Agreement~~

cc: Deputy City Manager-Dev. Svs. Director
 City Attorney
 City Engineer
 Transportation Services Manager
 Fire Chief
 Fire Marshal
 Finance Director
 Staff (4)
 File (2)

David Wilson
C. J. Segerstrom & Sons
3315 Fairview Road
Costa Mesa CA 92626

Don Collins
IKEA
1475 South Coast Drive
Costa Mesa, CA 92626

Paul Folino / Michael Rockenbach
Emulex
3333 Susan Street
Costa Mesa, CA 92626

File: 112706DA0603	Date: 111406	Time: 10:15 a.m.
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Attachment 2

C. J. SEGERSTROM & SONS CORRESPONDENCE

C.J. SEGERSTROM & SONS

3315 Fairview Road • Costa Mesa, California 92626
Telephone (714) 546-0110

October 16, 2006

Ms. Kimberly Brandt
Principal Planner
City of Costa Mesa
P.O. Box 1200
Costa Mesa, CA 92628-1200

Re: Annual Development Agreement Review of DA-00-01

Dear Ms. Brandt,

Enclosed please find payment in the amount of \$1,690 to cover our application for annual review of the Home Ranch Development Agreement DA-00-01.

In prior reviews the City's deliberative bodies have found all parties to the agreement to have acted in good faith and to be in compliance with the terms of the agreement.

Two elements of DA-00-01 remained to be addressed. The property owners are obliged to create a historic district and, subsequent to a finding of necessity by the City, to provide a site for a new fire station. We await a final determination by City officials with regard to a fire station site.

The property owners have until March 2007 to finalize the actions and documents associated with the three-acre historic preserve. The matter has been discussed with planning staff and with members of the City of Costa Mesa Historical Preservation Committee. We have had preliminary conversations with planning consultants who have experience with historic districts.

Sincerely yours,



David Wilson

Attachment 3

DEVELOPMENT AGREEMENT DA-00-01



CITY OF COSTA MESA

P.O. BOX 1200 • 77 FAIR DRIVE • CALIFORNIA 92628-1200

DEVELOPMENT SERVICES DEPARTMENT

FOR ATTACHMENTS NOT INCLUDED IN THIS REPORT,

PLEASE CONTACT THE CITY CLERK'S OFFICE AT

(714) 754-5121